

## Message Text

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72

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AGR-20 AID-20 CEA-02 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02

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R 151730Z MAR 74

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 190

INFO AMEMBASSY BONN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

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USMISSION EC BRUSSELS

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, EEC, BE

SUBJECT: BELGIAN CONCERN OVER UPCOMING 1974 CAP PRICE  
NEGOTIATIONS

1. VIRTUALLY EVERY CURRENT AGRICULTURAL WEEKLY IN BELGIUM  
CARRIES EDITORIALS OR ARTICLES EXPRESSING SERIOUS CONCERN OVER  
A POSSIBLE DEADLOCK IN THE COUNCIL OF AGRICULTURAL MINISTERS  
OVER 1974 AGRICULTURAL PRICES. EACH CITES THE POSSIBLE INTRAN-  
SIGEANCE OF THE NEW BRITISH LABOR GOVERNMENT AS THE MAJOR THREAT  
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TO AN ACCEPTABLE COMPROMISE ON THIS ISSUE. MOST GO SO FAR AS

TO RAISE THE STRONG POSSIBILITY THAT, IF THE FEARED DEADLOCK CANNOT BE RESOLVED FAIRLY QUICKLY, THE CAP ITSELF WOULD BEGIN TO DISINTEGRATE. THE CONSENSUS IS THAT THIS WOULD BE A LIKELY RESULT IF INTERNAL PRESSURES FORCED NATIONAL GOVERNMENTS TO TAKE UNILATERAL DECISIONS ON INTERNAL PRICES OF COMMODITIES OF GREATEST INTEREST TO THEIR PRODUCERS. (THE FRENCH ACTIONS ON FLOATING THE FRANC AND ON RAISING INTERNAL MILK PRICES ARE CITED.)

2. AN ARTICLE BY PHILIPPE LIMAITRE IN LE MONDE OF MARCH 6 IS CITED BY LE JOURNAL DES UPA AS MAKING A SIMILAR ARGUMENT, WARNING THAT THE RESULT MAY PERHAPS BE A FATAL BLOW TO THE CAP AS IT IS CURRENTLY STRUCTURED. LE JOURNAL AGREES WITH THIS ARGUMENT AND GOES ON TO ASK, RHETORICALLY, HOW LONG A UNITED EUROPE WOULD SURVIVE IF THE DECISION TO BE MADE CONCERNED THE WAGES OF WORKERS.

3. COMMENT: SENIOR BELGIAN AGRICULTURAL OFFICIALS, BOTH GOVERNMENT AND FARM ORGANIZATION, WITH WHOM THIS ISSUE HAS BEEN DISCUSSED ARE SOMEWHAT LESS PESSIMISTIC ABOUT THE POSSIBILITY OF REACHING A COMPROMISE ON 1974 PRICES WITHIN AN ACCEPTABLE TIME LIMIT THAN IS THE AGRICULTURAL PRESS, WHICH OFTEN TAKES A RATHER ALARMIST POSITION. NEVERTHELESS, GIVEN THE KNOWN BRITISH LABOR POSITION ON THE CAP, ALL OFFICIALS ARE QUITE APPREHENSIVE ABOUT THE UPCOMING PRICE NEGOTIATIONS, THE OUTCOME OF WHICH ALL AGREE IS UNPREDICTABLE AND COULD DISRUPT THE CAP ITSELF. MOST OF THEM HOPE AND BELIEVE, HOWEVER, THAT THE LABOR GOVERNMENT WILL STOP SHORT OF ACTIONS THAT WOULD DESTROY THE CAP. THEY BASE THIS ON TWO MAJOR FACTORS, ONE, THAT CAP PRICES ARE IN SOME INSTANCES ACTUALLY LOWER THAN WORLD PRICES AND SECONDLY, THAT A MINORITY GOVERNMENT WILL BE UNWILLING TO PULL DOWN THE CAP STRUCTURE DURING ITS VERY FIRST NEGOTIATION.

4. NEVERTHELESS, THE BELGIAN MINISTER OF AGRICULTURE IS SUFFICIENTLY WORRIED ABOUT THE POSSIBILITY OF A STALEMATE THAT HE ASKED HIS STAFF TO STUDY THE POSSIBILITY OF UNILATERAL MEASURES OF ASSISTANCE TO BELGIAN FARMERS. HE HAS BEEN ADVISED THAT ANY SUCH MEASURES WOULD BE INCOMPATIBLE WITH EC REGULATIONS. IT IS FREELY PREDICTED, HOWEVER, THAT A PROLONGED STALEMATE ON PRICE DECISIONS WOULD INEVITABLY RE-OPEN THE SUBJECT.  
STRAUSZ-HUPE

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## Message Attributes

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